

199—33.5(476) Cost allocation manuals. Every rate-regulated gas or electric public utility equaling or exceeding the filing threshold in any calendar year shall file with the board a cost allocation manual on or before September 1 of the following year. If the utility has not changed its cost allocation manual since the last filing on September 1, the utility shall file a letter with the board to that effect. In the event the utility has made only minor changes to its manual to reflect new accounts or new affiliates or has modified language, the utility may file only the pages affected together with a cover letter explaining the pages being filed. A utility excused from filing a cost allocation manual for any of the foregoing reasons shall comply with the other requirements of this rule.

33.5(1) Contents of manuals. Each cost allocation manual must contain the following information:

a. Nonutility activities. A list, the location, and description of all nonutility activities as defined in Iowa Code section 476.72(3).

b. Incidental activities. A summary of incidental activities conducted by the utility.

c. Resource identification. An identification of the assets and expenses involved directly or indirectly, in whole or in part, in the provision of nonutility services as identified in subrules 33.4(1) and 33.4(2).

d. Allocation methodology. A description of the cost allocation methodology, including an overview, explanation, and justification of the details provided in response to paragraphs “e” through “h” below.

e. Allocation rationale. A statement identifying, for each asset and expense account and subaccount identified in compliance with subrules 33.4(1) and 33.4(2), the basis for allocating costs in the account or subaccount to utility and nonutility operations, including any allocation factor used by the utility for this purpose.

f. Accounts and records. A description of each account and record used by the utility for financial record keeping for nonutility services, including all subaccounts.

g. Allocation factors. A paragraph containing, for each allocation factor identified in compliance with paragraph “e,” an explanation of how the allocation factor is calculated, a description of each study and analysis used in developing the allocation factor, and the frequency with which each allocation factor is recalculated.

h. Time reporting methods. A paragraph indicating the type of time reporting (positive, exception, or study) used for each reporting organization (e.g., executive, residential sales, and external affairs) and providing a description of how the identified type of time reporting is performed in that reporting organization.

i. Training. A description of the training programs used by the utility to implement and maintain its cost allocation process.

j. Update process. A description of the procedures used by the utility to: (1) determine when an update is needed; (2) develop the update; and (3) provide the update to the board.

33.5(2) Annual filing and approval of manuals. The following procedure shall be used for the annual filing and approval of manuals.

a. Filing. A utility meeting the filing threshold shall file a manual on or before September 1 of each year following a year during which the utility met the threshold.

b. Notice. At the time of the initial filing and whenever a manual is updated, each utility shall mail or deliver a written notice to consumer advocate, local trade associations, and customers who have notified the utility in writing of their interest in the cost allocation manual. The notice shall state that an objection may be filed with the board within 60 days of the filing of the manual with the board. The utility shall promptly provide copies of the manual upon request.

c. Objections. Any interested person may file with the board an objection to a cost allocation manual within 60 days of the filing date.

d. Docketing. If the board finds that reasonable grounds exist to investigate the manual, the board will docket the filing as an investigation within 90 days of the date of filing. At the time of docketing, the board will set a procedural schedule which includes a date for an oral presentation and an opportunity to file comments. If the board finds that there is no reason to investigate, the board shall issue an order stating the reasons for the board’s decision within 90 days of the date of filing.

e. Acceptance of manuals. The board may accept, reject, or modify a utility's manual. However, any board decision is for accounting purposes only and is not binding in any other proceeding.

33.5(3) *Updating of manuals.* All affected sections and pages of a utility's manual shall be updated and filed with the board within 60 days of any of the following conditions:

- a.* A new nonutility business is commenced or acquired, or an existing nonutility business is eliminated or divested;
- b.* An affiliate relationship changes;
- c.* Operations affecting nonutility businesses change sufficiently to warrant a new allocation method; or
- d.* Accounting practices change.

33.5(4) *Reporting requirements—accounting tables.* Companies required to file cost allocation manuals shall include in their annual reports tables showing for each account identified in compliance with subrules 33.4(1) and 33.4(2) the following: (a) the account total; (b) the amount allocated to nonutility services; (c) the amount allocated to utility services; and (d) the value of the allocation factors used to allocate costs to utility and nonutility services. Such tables shall be accompanied by a signed statement by an officer of the utility and an independent auditor certifying that, for the year covered by the report, the utility has complied with its cost allocation manual and that the data reported fairly reflect the actual operations of the utility.

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